

TOWNSHIP OF CHESANING
Saginaw County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2008

Auditing Procedures Report

Issued under P.A. 2 of 1988, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Chesaning	County Saginaw
Fiscal Year End March 31, 2008	Opinion Date June 13, 2008	Date Audit Report Submitted to State June 16, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☒ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.		Telephone Number 989-894-1040	
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Authorizing CPA Signature 		Printed Name Mark J. Campbell	Zip 48707
		License Number 1101007803	

TOWNSHIP OF CHESANING
Saginaw County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

June 13, 2008

To the Township Board
Township of Chesaning
Saginaw County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Chesaning, Saginaw County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Chesaning's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the primary governmental activities and each major fund of the Township of Chesaning, Saginaw County, Michigan as of March 31, 2008, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

However, the primary government financial statements because they do not include the financial data of the component unit of the Township of Chesaning, do not purport to, and do not present fairly the financial position of the Township of Chesaning as of March 31, 2008, and changes in financial position for the year ended in conformity with accounting principles generally accepted in the United States.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF CHESANING
Saginaw County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

The Management's Discussion and Analysis report of the Township of Chesaning covers the Township's financial performance during the year ended March 31, 2008.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2008, totaled \$380,464.70 for governmental activities. Overall total capital assets remained approximately the same.

Overall revenues were \$655,362.58 from governmental activities.

We did not incur any new debt.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. These include the General Fund, the Agency Fund, the Refuse and Recycling Fund and the Current Tax Collection Fund.

TOWNSHIP OF CHESANING
Saginaw County, Michigan
CONDENSED FINANCIAL INFORMATION
For the year ended March 31, 2008

	<u>Total</u> Governmental Activities 2007	<u>Total</u> Governmental Activities 2008
Current Assets	395 861	338 498
Capital Assets	<u>87 358</u>	<u>82 071</u>
Total Assets	<u>483 219</u>	<u>420 569</u>
Current Liabilities	35 737	40 105
Non-current Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>35 737</u>	<u>40 105</u>
Net Assets:		
Invested in Capital Assets	87 358	82 071
Unrestricted	<u>360 124</u>	<u>298 394</u>
Total Net Assets	<u>447 482</u>	<u>380 465</u>

	<u>Total</u> Governmental Activities 2007	<u>Total</u> Governmental Activities 2008
Program Revenues:		
Fees and Charges for Services	345 340	360 306
Operating Grants and Contributions	13 584	-
General Revenues:		
Property Taxes	116 845	113 447
State Revenue Sharing	164 397	165 660
Interest	16 803	11 111
Miscellaneous	<u>10 792</u>	<u>4 839</u>
Total Revenues	<u>667 761</u>	<u>655 363</u>
Program Expenses:		
Legislative	43 598	41 676
General Government	168 035	163 811
Public Safety	198 033	199 327
Public Works	204 019	279 153
Recreation and Culture	9 641	9 408
Other	<u>28 858</u>	<u>29 005</u>
Total Expenses	<u>652 184</u>	<u>722 380</u>
Increase (Decrease) in Net Assets	15 577	(67 017)
Net Assets, April 1	<u>431 905</u>	<u>447 482</u>
Net Assets, March 31	<u>447 482</u>	<u>380 465</u>

TOWNSHIP OF CHESANING
Saginaw County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund and the Refuse and Recycling Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our governmental activities cash position remains strong.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services. The most significant are highways and streets which incurred expenses of \$184,463.64 and fire protection which incurred expenses of \$178,249.25.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$0 in capital assets.

The Township's governmental activities paid \$0 of principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Clerk or Township Treasurer at 989-845-2341.

TOWNSHIP OF CHESANING
Saginaw County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS

March 31, 2008

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	300 530 08
Taxes receivable	29 310 29
Special assessments receivable	<u>8 658 00</u>
Total Current Assets	<u>338 498 37</u>
NON-CURRENT ASSETS:	
Capital Assets	214 110 77
Less: Accumulated Depreciation	<u>(132 039 83)</u>
Total Non-current Assets	<u>82 070 94</u>
TOTAL ASSETS	<u><u>420 569 31</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	35 041 79
Deposit payable	<u>5 062 82</u>
Total Current Liabilities	<u>40 104 61</u>
NON-CURRENT LIABILITIES	<u>-</u>
Total Non-current Liabilities	<u>-</u>
Total Liabilities	<u>40 104 61</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	82 070 94
Unrestricted	<u>298 393 76</u>
Total Net Assets	<u>380 464 70</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>420 569 31</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CHESANING
Saginaw County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2008

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	41 675 62	-	(41 675 62)
General government	163 811 08	79 478 35	(84 332 73)
Public safety	199 327 19	178 249 25	(21 077 94)
Public works	279 153 07	102 578 00	(176 575 07)
Culture and recreation	9 407 73	-	(9 407 73)
Other	29 005 39	-	(29 005 39)
Total Governmental Activities	<u>722 380 08</u>	<u>360 305 60</u>	<u>(362 074 48)</u>
General Revenues:			
Property taxes			113 447 25
State revenue sharing			165 659 78
Interest			11 110 77
Miscellaneous			4 839 18
Total General Revenues			<u>295 056 98</u>
Change in net assets			(67 017 50)
Net assets, beginning of year			<u>447 482 20</u>
Net Assets, End of Year			<u>380 464 70</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CHESANING
Saginaw County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2008

	<u>General</u>	<u>Refuse and Recycling</u>	<u>Total</u>
<u>Assets</u>			
Cash in bank	173 299 69	124 836 43	298 136 12
Taxes receivable	29 310 29	-	29 310 29
Special assessments receivable	-	8 658 00	8 658 00
Due from other funds	2 393 96	-	2 393 96
Total Assets	<u>205 003 94</u>	<u>133 494 43</u>	<u>338 498 37</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts payable	19 370 58	15 671 21	35 041 79
Deposit payable	5 062 82	-	5 062 82
Total liabilities	<u>24 433 40</u>	<u>15 671 21</u>	<u>40 104 61</u>
Fund equity:			
Fund balances:			
Unreserved:			
Undesignated	180 570 54	117 823 22	298 393 76
Total fund equity	<u>180 570 54</u>	<u>117 823 22</u>	<u>298 393 76</u>
Total Liabilities and Fund Equity	<u>205 003 94</u>	<u>133 494 43</u>	<u>338 498 37</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CHESANING
Saginaw County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
March 31, 2008

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS 298 393 76

Amounts reported for governmental activities in the statement of
net assets are different because –

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the governmental funds balance sheet:

Capital assets at cost	214 110 77
Accumulated depreciation	<u>(132 039 83)</u>

TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES 380 464 70

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CHESANING
Saginaw County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended March 31, 2008

	<u>General</u>	<u>Refuse and Recycling</u>	<u>Total</u>
Revenues:			
Property taxes	113 447 25	-	113 447 25
Licenses and permits	19 061 30	-	19 061 30
State revenue sharing	165 659 78	-	165 659 78
Charges for services	60 417 05	-	60 417 05
Interest	7 919 87	3 190 90	11 110 77
Special assessments	178 249 25	102 578 00	280 827 25
Miscellaneous	4 839 18	-	4 839 18
Total revenues	<u>549 593 68</u>	<u>105 768 90</u>	<u>655 362 58</u>
Expenditures:			
Legislative:			
Township Board	41 675 62	-	41 675 62
General government:			
Supervisor	9 000 00	-	9 000 00
Elections	5 645 43	-	5 645 43
Assessor	57 716 97	-	57 716 97
Audit	4 000 00	-	4 000 00
Attorney	256 00	-	256 00
Clerk	17 544 00	-	17 544 00
Board of Review	1 383 94	-	1 383 94
Treasurer	17 000 00	-	17 000 00
Building and grounds	6 221 23	-	6 221 23
Cemetery	33 873 21	-	33 873 21
Data processing	6 530 11	-	6 530 11
Public safety:			
Fire protection	178 249 25	-	178 249 25
Planning and zoning	21 077 94	-	21 077 94
Public works:			
Highways and streets	184 463 64	-	184 463 64
Street lights	600 17	-	600 17
Sanitation	-	94 089 26	94 089 26
Culture and recreation:			
Parks and recreation	8 760 68	-	8 760 68
Other functions:			
Health	4 500 00	-	4 500 00
Pension	14 022 39	-	14 022 39
Insurance	10 483 00	-	10 483 00
Total expenditures	<u>623 003 58</u>	<u>94 089 26</u>	<u>717 092 84</u>
Excess (deficiency) of revenues over expenditures	(73 409 90)	11 679 64	(61 730 26)
Fund balances, April 1	<u>253 980 44</u>	<u>106 143 58</u>	<u>360 124 02</u>
Fund Balances, March 31	<u>180 570 54</u>	<u>117 823 22</u>	<u>298 393 76</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CHESANING
Saginaw County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended March 31, 2008

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS (61 730 26)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(5 287 24)
Capital Outlay	<u>-</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (67 017 50)

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CHESANING
Saginaw County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Chesaning, Saginaw County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The accompanying financial statements are for the primary government of the Township of Chesaning, and do not include the financial data of the component unit of the Township, as required by generally accepted accounting principles. The component unit discussed below is considered to be part of the Township's reporting entity because of the significance of its operational or financial relationship with the Township. If this component unit had been included, it would have been presented as a discrete component unit.

Component Unit

Chesaning Public Library – The taxes of the Library are levied and collected by the Township. The taxes are transmitted to the Library by the Township. A complete financial statement can be obtained from Chesaning Public Library, 227 East Broad Street in Chesaning, Michigan.

Joint Venture

Chesaning – Brady Fire Authority – The Townships of Chesaning and Brady and the Village of Chesaning jointly established the Chesaning – Brady Fire Authority. Each Township appoints two representatives and the Village appoints one representative to serve on the administrative board. For the fiscal year ended March 31, 2008, the Township of Chesaning provided \$178,249.25 to the Fire Authority. The joint venture is not considered a part of the reporting entity of the Township of Chesaning. Separate financial statements of the joint venture may be obtained directly from them at 310 East Broad Street in Chesaning, Michigan.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

TOWNSHIP OF CHESANING
Saginaw County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Fund

This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Funds

The following funds comprise the Fiduciary Funds as shown in the accompanying financial statements.

Pension Trust Fund

The Pension Trust Fund accounts for funds contributed by the employer and employee for retirement.

Agency Fund

This fund collects and distributes delinquent taxes to the various other funds and governmental units.

Current Tax Collection Fund

The Current Tax Collection Fund accounts for the collection and disbursement of the current year's tax levy.

TOWNSHIP OF CHESANING
Saginaw County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes are accrued in the year in which they are levied. The tax levy is recorded as deferred revenue until the subsequent year when it becomes available for use.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2007 tax roll millage rate was .9282 mills, and the taxable value was \$124,661,007.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$5,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	10-30 years
Furniture and equipment	8-20 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

TOWNSHIP OF CHESANING
Saginaw County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

TOWNSHIP OF CHESANING
Saginaw County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 3 – Deposits and Investments (continued)

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>303 861 72</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	100 167 23
Uninsured and Uncollateralized	<u>431 020 57</u>
Total Deposits	<u>531 187 80</u>

The Township had the following investments at March 31, 2008:

Nonrisk-categorized financial institution pooled funds	<u>127 646 39</u>
Total	<u>127 646 39</u>

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The financial institution pooled funds and the mutual funds do not have a rating provided by a nationally recognized statistical rating organization.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

TOWNSHIP OF CHESANING
Saginaw County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	<u>Balance 4/1/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/08</u>
<u>Governmental Activities:</u>				
Land	59 515 25	-	-	59 515 25
Buildings and improvements	106 682 52	-	-	106 682 52
Equipment	<u>47 913 00</u>	<u>-</u>	<u>-</u>	<u>47 913 00</u>
Total	214 110 77	-	-	214 110 77
Accumulated Depreciation	<u>(126 752 59)</u>	<u>(5 287 24)</u>	<u>-</u>	<u>(132 039 83)</u>
Net Capital Assets	<u>87 358 18</u>	<u>(5 287 24)</u>	<u>-</u>	<u>82 070 94</u>

Note 5 – Pension Plan

The Township has a defined contribution pension plan covering all Township elected officials, cemetery sexton and employees on a monthly salary. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Members are 100% vested from the date of employment. The Township contributed \$14,022.39 during the fiscal year ended March 31, 2008. The employees are not required to contribute to the plan but they can make voluntary contributions. This plan is recorded in a pension trust fund.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Building Permits

As of March 31, 2008, the Township had building permit revenues of \$11,144.00 and building permit expenses of \$15,140.00.

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	2 292 33	Current Tax Collection	2 292 33
General	<u>101 63</u>	Agency	<u>101 63</u>
Total	<u>2 393 96</u>	Total	<u>2 393 96</u>

TOWNSHIP OF CHESANING
Saginaw County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	110 000 00	110 000 00	113 447 25	3 447 25
Licenses and permits	15 000 00	15 000 00	19 061 30	4 061 30
State revenue sharing	164 500 00	164 500 00	165 659 78	1 159 78
Charges for services	64 500 00	64 500 00	60 417 05	(4 082 95)
Interest	13 000 00	13 000 00	7 919 87	(5 080 13)
Special assessments	180 000 00	180 000 00	178 249 25	(1 750 75)
Miscellaneous	5 000 00	5 000 00	4 839 18	(160 82)
Total revenues	<u>552 000 00</u>	<u>552 000 00</u>	<u>549 593 68</u>	<u>(2 406 32)</u>
Expenditures:				
Legislative:				
Township Board	45 140 00	45 140 00	41 675 62	(3 464 38)
General government:				
Supervisor	9 000 00	9 000 00	9 000 00	-
Elections	2 000 00	7 210 00	5 645 43	(1 564 57)
Assessor	69 000 00	69 000 00	57 716 97	(11 283 03)
Audit	4 000 00	4 000 00	4 000 00	-
Attorney	3 000 00	3 000 00	256 00	(2 744 00)
Clerk	17 544 00	17 544 00	17 544 00	-
Board of Review	1 400 00	1 400 00	1 383 94	(16 06)
Treasurer	17 000 00	17 000 00	17 000 00	-
Building and grounds	8 000 00	8 000 00	6 221 23	(1 778 77)
Cemetery	50 000 00	50 000 00	33 873 21	(16 126 79)
Data processing	8 500 00	8 500 00	6 530 11	(1 969 89)
Public safety:				
Fire protection	180 000 00	180 000 00	178 249 25	(1 750 75)
Planning and zoning	28 000 00	28 000 00	21 077 94	(6 922 06)
Public works:				
Highways and streets	200 000 00	200 000 00	184 463 64	(15 536 36)
Street lights	800 00	800 00	600 17	(199 83)
Drains	1 000 00	1 000 00	-	(1 000 00)
Culture and recreation:				
Parks and recreation	9 600 00	9 600 00	8 760 68	(839 32)
Other functions:				
Health	4 500 00	4 500 00	4 500 00	-
Pension	16 000 00	16 000 00	14 022 39	(1 977 61)
Insurance	12 000 00	12 000 00	10 483 00	(1 517 00)
Contingency	3 000 00	2 790 00	-	(2 790 00)
Total expenditures	<u>689 484 00</u>	<u>694 484 00</u>	<u>623 003 58</u>	<u>(71 480 42)</u>
Excess (deficiency) of revenues over expenditures	(137 484 00)	(142 484 00)	(73 409 90)	69 074 10
Fund balance, April 1	<u>137 484 00</u>	<u>142 484 00</u>	<u>253 980 44</u>	<u>111 496 44</u>
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>180 570 54</u>	<u>180 570 54</u>

TOWNSHIP OF CHESANING
Saginaw County, Michigan

BUDGETARY COMPARISON SCHEDULE – REFUSE AND RECYCLING FUND
Year ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Interest	-	-	3 190 90	3 190 90
Special assessments	<u>101 787 00</u>	<u>101 787 00</u>	<u>102 578 00</u>	<u>791 00</u>
Total revenues	<u>101 787 00</u>	<u>101 787 00</u>	<u>105 768 90</u>	<u>3 981 90</u>
Expenditures:				
Public works:				
Sanitation	<u>128 877 15</u>	<u>128 877 15</u>	<u>94 089 26</u>	<u>(34 787 89)</u>
Total expenditures	<u>128 877 15</u>	<u>128 877 15</u>	<u>94 089 26</u>	<u>(34 878 89)</u>
Excess (deficiency) of revenues over expenditures	(27 090 15)	(27 090 15)	11 679 64	38 769 79
Fund balance, April 1	<u>27 090 15</u>	<u>27 090 15</u>	<u>106 143 58</u>	<u>79 053 43</u>
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>117 823 22</u>	<u>117 823 22</u>

TOWNSHIP OF CHESANING
Saginaw County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2008

Township Board:

Salaries	8 640 00
Office help	8 630 50
Payroll taxes	6 325 28
Memberships and dues	2 229 12
Telephone	3 224 03
Mileage	949 60
Printing and publishing	3 232 85
Supplies	861 88
Miscellaneous	5 081 95
Education and training	<u>2 500 41</u>
	<u>41 675 62</u>

Supervisor:

Salary	<u>9 000 00</u>
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Elections:

Wages	2 329 25
Printing and publishing	1 338 85
Miscellaneous	20 00
Supplies	<u>1 957 33</u>
	<u>5 645 43</u>

Assessor:

Contracted services	43 930 00
Supplies	<u>13 786 97</u>
	<u>57 716 97</u>

Audit

<u>4 000 00</u>

Attorney

<u>256 00</u>

Clerk:

Salary	<u>17 544 00</u>
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Board of Review:

Wages	675 00
Printing and publishing	<u>708 94</u>
	<u>1 383 94</u>

Treasurer:

Salary	<u>17 000 00</u>
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Building and grounds:

Wages	1 536 00
Utilities	3 558 46
Repairs and maintenance	<u>1 126 77</u>
	<u>6 221 23</u>

TOWNSHIP OF CHESANING
Saginaw County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2008

Cemetery:	
Sexton	1 200 00
Open and close graves	12 660 00
Lawn maintenance	15 320 00
Printing and publishing	595 06
Utilities	299 84
Repairs and maintenance	<u>3 798 31</u>
	<u>33 873 21</u>
Data processing:	
Supplies	<u>6 530 11</u>
Fire protection	<u>178 249 25</u>
Planning and zoning:	
Wages	17 753 00
Contracted services	1 535 00
Mileage	365 64
Printing and publishing	542 38
Miscellaneous	<u>881 92</u>
	<u>21 077 94</u>
Highways and streets	<u>184 463 64</u>
Street lighting	<u>600 17</u>
Parks and recreation	<u>8 760 68</u>
Health	<u>4 500 00</u>
Pension	<u>14 022 39</u>
Insurance	<u>10 483 00</u>
Total Expenditures	<u><u>623 003 58</u></u>

TOWNSHIP OF CHESANING
Saginaw County, Michigan

COMBINING BALANCE SHEET – ALL FIDUCIARY FUNDS
March 31, 2008

		<u>Agency</u>		
	<u>Pension</u>	<u>Current Tax</u>	<u>Agency</u>	<u>Total</u>
<u>Assets</u>	<u>Trust</u>	<u>Collection</u>		
Cash in bank	-	2 292 33	3 433 27	5 725 60
Investments	127 646 39	-	-	127 646 39
Accounts receivable	4 104 70	-	-	4 104 70
Total Assets	131 751 09	2 292 33	3 433 27	137 476 69
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Due to other funds	-	2 292 33	101 63	2 393 96
Due to other units	-	-	3 331 64	3 331 64
Total liabilities	-	2 292 33	3 433 27	5 725 60
Fund balances:				
Reserved for retirement benefits	131 751 09	-	-	131 751 09
Total fund balances	131 751 09	-	-	131 751 09
Total Liabilities and Fund Balances	131 751 09	2 292 33	3 433 27	137 476 69

TOWNSHIP OF CHESANING
Saginaw County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
PENSION TRUST FUND
Year ended March 31, 2008

	<u>Pension Trust</u>
Operating revenues:	
Contributions	<u>14 022 39</u>
Total operating revenues	<u>14 022 39</u>
Less operating expenses:	
Management fees	<u>1 494 65</u>
Total operating expenses	<u>1 494 65</u>
Operating income (loss)	<u>12 527 74</u>
Non-operating revenues and (expenses):	
Distributions	(1 962 81)
Gain (loss) on investment	<u>(7 361 62)</u>
Total non-operating revenues and (expenses)	<u>(9 324 43)</u>
Net income (loss)	3 203 31
Fund balance, April 1	<u>128 547 78</u>
Fund Balance, March 31	<u><u>131 751 09</u></u>

TOWNSHIP OF CHESANING
Saginaw County, Michigan

COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES – ALL AGENCY FUNDS
Year ended March 31, 2008

	<u>Balance 4/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/08</u>
<u>CURRENT TAX COLLECITON FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>4 810 08</u>	<u>3 719 811 13</u>	<u>3 722 328 88</u>	<u>2 292 33</u>
<u>Liabilities</u>				
Due to other funds	4 810 08	406 087 03	408 604 78	2 292 33
Due to others	<u>-</u>	<u>3 313 724 10</u>	<u>3 313 724 10</u>	<u>-</u>
Total Liabilities	<u>4 810 08</u>	<u>3 719 811 13</u>	<u>3 722 328 88</u>	<u>2 292 33</u>
<u>AGENCY FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>355 72</u>	<u>50 603 05</u>	<u>47 525 50</u>	<u>3 433 27</u>
<u>Liabilities</u>				
Due to other funds	16 69	31 971 64	31 886 70	101 63
Due to others	<u>339 03</u>	<u>18 631 41</u>	<u>15 638 80</u>	<u>3 331 64</u>
Total Liabilities	<u>355 72</u>	<u>50 603 05</u>	<u>47 525 50</u>	<u>3 433 27</u>
<u>TOTALS – ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash in Bank	<u>5 165 80</u>	<u>3 770 414 18</u>	<u>3 769 854 38</u>	<u>5 725 60</u>
<u>Liabilities</u>				
Due to other funds	4 826 77	438 058 67	440 491 48	2 393 96
Due to others	<u>339 03</u>	<u>3 332 355 51</u>	<u>3 329 362 90</u>	<u>3 331 64</u>
Total Liabilities	<u>5 165 80</u>	<u>3 770 414 18</u>	<u>3 769 854 38</u>	<u>5 725 60</u>

TOWNSHIP OF CHESANING
Saginaw County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year ended March 31, 2008

Cash in bank – beginning of year	<u>4 810 08</u>
Cash receipts:	
Property taxes	3 716 872 69
Interest	<u>2 938 44</u>
Total cash receipts	<u>3 719 811 13</u>
Total beginning balance and cash receipts	<u>3 724 621 21</u>
Cash disbursements:	
Township General Fund – Operating	152 053 62
Township General Fund – Fire	162 645 16
Township Refuse and Recycling Fund	93 906 00
Chesaning Public Library	103 845 90
Saginaw County	1 556 111 41
Saginaw County Intermediate School District	229 910 74
Shiawassee County Intermediate School District	2 729 45
Chesaning Union School District	1 092 615 48
New Lothrop School District	5 128 25
Downtown Development Authority	70 197 00
Delta College	228 499 21
State of Michigan	20 939 90
Refunds	<u>3 746 76</u>
Total cash disbursements	<u>3 722 328 88</u>
Cash in Bank – End of Year	<u>2 292 33</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

June 13, 2008

To the Township Board
Township of Chesaning
Saginaw County, Michigan

We have audited the financial statements of the Township of Chesaning for the year ended March 31, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Chesaning in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Chesaning
Saginaw County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

The Township's system of internal control is affected by the size of staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2008.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants